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DEPARTMENT PASS TO SECURITIES AND EXCHANGE COMMISSION FOR ETHIOPIS TAFARA.

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SUBJECT: US/SAUDI REGULATORY TRAINING: SAUDI'S CAPITAL MARKET AUTHORITY WANTS U.S. MBA'S FOR ITS STAFF

REF: STATE 06515

¶1. (SBU) Summary: The Saudi equivalent of our U.S. Securities and Exchange Commission (SEC), the Capital Market Authority (CMA), is in its third year of existence, and focused on educating its young, technocratic Saudi workforce. The CMA's main goal for 2007 is to utilize U.S. schools and institutions to train their employees on U.S. financial and market regulation. The CMA/SEC relationship is a key part of the Embassy's regulatory training initiative. End Summary.

¶2. (U) EconCounselor and EconOff met with Dr. Abdulrahman Al-Kalaf, one of four Commissioners of the CMA; Mazin Romaih, Head of Corporate Finance and in charge of training programs within Saudi Arabia; Khalid Al-Hamoud, Manager of Mutual Funds; and Turki Almalik, Head of Authorization & Inspection and in charge with training programs outside of Saudi Arabia.

¶3. (SBU) The CMA has been interested in a pre-MBA program that would provide a four to six-month intense training program touching on a range of financial and regulatory matters. The CMA was in negotiation with the National Association of Security Dealers (NASD), Rice University and The University of California at Berkeley. These universities and institution provided the CMA with proposals for the pre-MBA training program. According to Dr. Abdulrahman Al-Kalaf, the Commissioner of the CMA, the CMA was unable to finalize the negotiations with the U.S. universities and institutions in a timely manner. Due to this delay, the CMA arranged with two British universities for the pre-MBA program to begin in September 2006. The first batch of CMA employees to attend the pre-MBA program is approximately twenty-seven Saudi nationals.

¶4. (SBU) Dr. Al-Kalaf explained a rigorous selection and training program for the students to attend the pre-MBA program. The CMA selects candidates based on grade point average, personality, ability to perform well within the constraints of the CMA's mission and policy, and social skills. After a candidate is selected they are put through an intense six month training program in Saudi Arabia to teach English, computer skills and other soft skills. After successful completion of the in-house training program, the candidates are eligible for the four to six-month pre-MBA program to be sponsored in the U.S. or Europe. The students then return to the CMA to work for a few years. If the student is successful at the CMA they then will be eligible for a full-time MBA program at an appropriate financial institution or university in the U.S. or Europe. The CMA bears all costs of this training program/recruitment campaign. As Dr. Al-Kalaf stated, "it is important for us to reinvest in our own people and to bring education and knowledge to Saudi Arabia." (Comment: The CMA program can

be equated with U.S. bank, Bank One's (know merged with J.P. Morgan and Chase) First Scholar Program in which college graduates with backgrounds in finance, economics and investment banking attended part-time MBA programs paid for by the bank while simultaneously working in various departments in the bank. End Comment)

15. (SBU) Dr. Al-Kalaf, who was educated in the U.S., stressed the importance of Saudi and U.S. relations and specifically pointing to his personal desire for the CMA to utilize U.S. universities and institutions in such training programs. He said, "the CMA hopes to re-engage the U.S. universities and institutions that previously offered proposals and hopes that will extend a similar offer for pre-MBA program in 2007." If the pilot group attending the British institutions is successful, CMA plans to send another round of students to a U.S. university or institution in the summer or fall of 2007.

16. (SBU) Currently the CMA has an internship program with the NASD in which four CMA employees work at the NASD for two months. The CMA sends four employees to work at the NASD every quarter. This program has been very successful and CMA employees will continue to be apart of this internship program for as long as possible. The CMA has benefited from this exchange and the next group of four persons is scheduled to begin in October 2006.

17. (SBU) Dr. Al-Kalaf will be attending the upcoming Economic Working Group in Washington D.C., September 14-15, 2006. Dr. Al-Kalaf has requested a meeting on September 12 or 13, 2006 with the Chairman Christopher Cox of the SEC. On September 13, 2006 Dr. Al-Kalaf is scheduled to meet with one of the SEC's Commissioners, Kathleen Casey, and with

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high-ranking government officials from the Division of Corporate Finance, Office of Information Technology, Office of International Affairs and Office of Investor Education and Assistance. (Comment: Post believes this will be very beneficial in establishing good long lasting relationships with the CMA and will allow the SEC to assist in shaping Saudi regulations.)

18. (SBU) The SEC's Office of International Relations has been invited by the CMA to conduct a three-day seminar on various financial and regulatory topics. The proposed visit is scheduled for September 9-15, 2006 and will take place at the CMA building in Riyadh.

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